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No.

IN THE SUPREME COURT

OF THE

UNITED STATES

OCTOBER TERM, 1994

ConAgra, Inc. and Swift-Eckrich, Inc., *Petitioners*

v.

Oscar Mayer Foods Corp.

Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

1. Can one obtain a valid patent that withdraws from the public domain a composition or method already obvious to one skilled in the art based solely on the discovery of an unobvious additional motivation for using that method or composition?

2. If the prior art provides the skilled artisan with the motivation and ability to make a composition or carry on a method, can that same composition or method be "nonobvious" within the meaning of the patent law and therefore the subject of a valid patent merely because the patentee has suggested a different and unobvious motivation for making composition or carrying out the method?

PARTIES TO THE PROCEEDINGS

All parties to the proceeding are listed in the caption. Petitioner Swift-Eckrich, Inc. is a wholly-owned subsidiary of petitioner ConAgra, Inc.

Non-wholly owned subsidiaries of ConAgra, Inc. include:

Double B Trading Co., Inc., a Colorado corporation;
Prairie Bean Company, a Minnesota corporation;
Superior Barge Lines, Inc., a Delaware corporation;
User Fisheries, Limited of Canada;
CAGCAT, Inc. of Delaware;
Commerce City Grain of Colorado;
Commodities Export Company of the Virgin Islands;
ConAgra/Hubbard Of South Dakota of South Dakota;
ConAgra IBA, Inc. a Delaware corporation;
ConAgra Maple Leaf Milling, Inc. a New York corporation;
ConAgra Nissu, Inc. of Japan;
Confish, Inc., a Mississippi corporation;
European Oat Millers Limited of the United Kingdom;
FarmAgra;
Garden State Bean Ltd Partnership;
Greystone Partners of Bermuda;
Haskell County Farms;
Keynes Brothers;
Lad Sales Company of Idaho;
Lamb-Weston/RDO Frozen of Washington;
M.F.P. ConAgra/Ferruzzi Partnership;
Mika Partnership;
Monfort/AMH Ltd. of Colorado;
Mountain Lake Manufacturing;

NUFARM USA Inc.;
Nittoh Bion Kushiro of Japan;
Northern Colorado Feed Limited Liability Company of Colorado;
Pees, Inc.;
Renew, Inc. a Minnesota corporation;
S&C Beef Processors, L.L.C. an Alabama corporation;
Tradoll of Panama;
Trident Seafoods Corporation a Texas corporation;
Bio-Technical Resources a Delaware partnership;
Canadian Harvest Company USA a Minnesota partnership;
Ecological Chemical Products Company a Delaware partnership;
Adell Whey Company, Inc. a Maryland corporation;
EnPac a Delaware partnership;
DCVision;
DCVBiologics;
Stolle Egg Biologics International;
DuCos 1 an Illinois partnership;
Ducoa Mexico S.A. DE C.V. of Mexico;
M-Cap Technologies, International a Delaware partnership;
Nutribasics a Delaware partnership;
Vanson a Delaware partnership;
Marine Extract Ltd.;
ChampAgra Co. Ltd., of Thailand;
Maple Leaf Mills Inc., of Ontario;
Gelazur S. A., of France;
Idea Industrie S.A., of France;
BFC Industrie S. A., of France;
Bressanne de Crarcuterie S. A., of France;
Georges Chanel S. A., of France;
Societe Nouvelle Falor, of France;

Carib S. A., of France;
Items S. A., of France;
S.D.S.R.S.A., of France;
C.S.N.S.A., of France;
C.S.P. SARL, of France;
LaMuiladere, of France;
Provican S.A., of France;
Provsnor S.A., of France;
Vitea, of France;
Salasons Traileur Avenir Service SARL, of France;
Chow Mexico, of Mexico;
European American Industries, of the United Kingdom;
Independent Agriculture Limited, of the United Kingdom;
Sapropor SARL, of Portugal;
Joaquim Pinho Dos Santos, Lde., of Portugal;
Damatta-Produtos Alimentares, Lda., of Portugal;
Estabelecmentos Isidoro M. de Oliveira, S.A., of Portugal;
Compania Canaria de Piensos, S.A., of Spain;
Proteins Y Xantofilas, S.A., of Spain;
Bloter, S. A., of Spain;
Sada P. A. Centrol S.L., of Spain;
UAP Child, of Chile;
Australia West Holdings Pty. Ltd., of Australia;
Meatworks of Australia, of Australia;
Australia China Holding Pty, of Australia;
Altoms & Company Ltd, of Japan;
ConAgra International(Cyprus) Limited, of Cyprus;
ConAgra International S. A., of Switzerland;
Pecam-Agra S. A., of Argentine;
W&D Trading Phillippines, Inc., of Phillippines;
Teisei Corporation Inc., of Japan;

Champaca Co., Ltd., of Thailand;
Sankyo Trading Co., Ltd., of Japan;
Allexport S. A., of Mexico;
Food Producers Europe B.V., of Netherlands;
Hunt-Universal Robins Corp, of Phillippines;
Franz Albers Gmbh Hamburg, of Germany;
Hansa-Muhle Verwaltungsge - Gmbh, of Germany;
Hansa-Muhle Verwaltungsge-Gmbh & Co. Kg, of Germany;
Kurt A. Becher Unterstutzungskasse Gmbh, of Germany;
Maize-Distribution Center Weser Gmbh, of Germany; and
Maize-Distribution Center Weser Gmbh & Co.Kg, of Germany.

TABLE OF CONTENTS

I. STATEMENT OF JURISDICTION 1

II. CONSTITUTIONAL PROVISION AND STATUTES INVOLVED 1

III. FACTUAL STATEMENT OF THE CASE 2

A. INTRODUCTION 2

B. THE LIABILITY PHASE OF THE CASE 3

1. Prior Art Relating to Lactate Salts 3

2. How The "Inventors" Learned of the Usefulness of Sodium Lactate 4

3. The "Inventors" Turn Their Attention to *Cl. botulinum* and Obtain the OMFC Patents 5

4. ConAgra's Use of Lactate Salts . . . 8

5. ConAgra's Objections to the Special Verdict and Jury Instructions and its Related Motions 8

C. THE APPEAL TO THE FEDERAL CIRCUIT . . . 12

IV. ARGUMENT 13

A. INTRODUCTION 13

B. ALL ISSUES CONCERNING THE VALIDITY OF A PATENT MUST BE DETERMINED IN ACCORDANCE WITH THE GUIDING PRINCIPLE OF THE CONSTITUTION 14

C. FAILING TO APPLY THE CONSTITUTIONAL STANDARD IN REVIEWING NONOBVIOUSNESS OF THE OMFC PATENTS PRODUCED ANANOMALOUS RESULT 16

D. BOTH PRE- AND POST-STATUTE SUPREME COURT DECISIONS PROHIBIT BASING VALIDITYON THE ASSERTED MOTIVATION FOR THE INVENTION WHERE THE RESULT IS TO WITHDRAW OBVIOUS IDEAS FROM THE PUBLIC DOMAIN 19

E. PATENTABILITY SHALL NOT BE NEGATIVED BY THE MANNER IN WHICH THE INVENTION WAS MADE 26

V. CONCLUSION 27

APPENDIX

Oscar Mayer Foods Corp.v. ConAgra, Inc. and Swift-Eckrich, Inc., Nos. 94-1247, 1248, Slip Opinion (Fed Cir. Dec. 22, 1994) A1

Oscar Mayer Foods Corp.v. ConAgra, Inc. and Swift-Eckrich, Inc., 92-C-718-S, Memorandum and Order (W.D. Wisc. February 24, 1994) A21

Oscar Mayer Foods Corp.v. ConAgra, Inc. and Swift-Eckrich, Inc., Nos. 94-1247, 1248, ORDER (Fed. Cir. January 31, 1995) A52

Oscar Mayer Foods Corp.v. ConAgra, Inc. and Swift-Eckrich, Inc., 92-C-718-S, JUDGEMENT IN A CIVIL CASE (W.D. Wisc. October 1, 1994) A54

TABLE OF AUTHORITIES

CASES

Anderson's-Black Rock, Inc. v. Pavement Salvage Co., Inc., 396 U.S. 57 (1969) . . 14, 18

General Electric Co.v. Jewel Incandescent Lamp Co., 326 U.S. 242 (1945) 21, 24

Great Atlantic & Pacific Tea Co.v. Supermarket Equip. Corp., 340 U.S. 147 (1950). . 13, 14, 17

Knapp v. Morss, 150 U.S. 221 (1893). . . . 20, 21

Oscar Mayer Foods Corp.v. ConAgra, Inc., Nos. 94-1247, 1248, Slip Opinion (Fed Cir. Dec. 22, 1994) 12, 16, 19, 20

Sakraida v. Ag Pro, Inc., 425 U.S. 273 (1976). 23

Sjolund v. Musland, 847 F.2d 1573 (Fed. Cir. 1988) 7

CONSTITUTION

U.S. Const. Art. I, § 8, Cl. 8 . . . . . 1, 13

STATUTES

28 U.S.C.A. § 1254 (West 1993) 1

28 U.S.C.A. § 1338(a) (West 1993) 2

35 U.S.C.A. § 102(a) (West 1984) 17

35 U.S.C.A. § 103 (West Supp. 1995) . . 1, 15, 19, 20, 23, 25

Fed. R. Civ. P. 50 . . . . . 11, 12

Fed. R. Civ. P. 58 12

Fed. R. Civ. P. 59 12

LEGISLATIVE MATERIALS

S. Rep. No. 1979, 82nd Cong., 2d Sess. (1952), *reprinted in* 1952 U.S. Code Cong. & Ad. News 2394 16

CITATIONS TO OPINIONS IN THE CASE

Oscar Mayer Foods Corp.v. ConAgra, Inc., 869 F. Supp. 656 (W.D. Wis. 1994) *aff'd*, 45 F.3d 443 (Fed. Cir. 1994)

I. STATEMENT OF JURISDICTION

The jurisdiction of the Court is invoked pursuant to 28 U.S.C. § 1254 (Wests 1993). Petitioners appeal from judgment entered on December 22, 1994 by the United States Court of Appeals for the Federal Circuit. A request for rehearing filed on January 5, 1995, was denied by an order entered on January 31, 1995.

II. CONSTITUTIONAL PROVISION AND STATUTE INVOLVED

U.S. Constitution Art. I, § 8, Cl. 8: "The Congress shall have power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;. . ."

35 U.S.C.A. § 103 (West Supp. 1995): "A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

Patentability shall not be negatived by the manner in which the invention was made. . ."

III. FACTUAL STATEMENT OF THE CASE

A. INTRODUCTION

This case involves two closely related patents, Nos. 4,789,729 ("the '729 patent") and 5,017,391 ("the '391 patent"), both assigned to Oscar Mayer Foods Corp. ("OMFC") and both having an effective filing date of December 12, 1985. The '729 patent issued in 1989 and the '391 patent issued in 1991.

These patents are, in essence, directed to the addition of lactate salts to or fish food products. The '729 patent claims a method according to which the lactate salts are added and the '391 patent claims the poultry foods themselves. The patents assert that lactate salts, at concentrations of 1 to 7%, have the beneficial effect of delaying growth of *Cl. botulinum*, a bacteria that can cause a food poisoning known as botulism. The claims of both patents also recite certain commonplace food preparation steps and food product characteristics.

Shortly after the last of the two patents issued, OMFC sued ConAgra, Inc. and Swift-Eckrich, Inc. (collectively "ConAgra") for infringement of both patents. The trial court's jurisdiction was based on 28 U.S.C.A. § 1338(a) (Wests 1993). The case was tried to a jury which rejected a challenge to the validity of the patents, found the patents infringed, and awarded $9,835,000. An injunction was entered on October 1, 1993.

B. THE LIABILITY PHASE OF THE CASE

1. Prior Art Relating to Lactate Salts

It was far from new at the time of the alleged invention to add lactate salts to food, including poultry and fish products. A prior art patent to Ueno, (U.S. Patent No. 4,582,892), based on an application filed in 1982, disclosed that many alkaline food additives, specifically including sodium lactate, could be used in a broad variety of food products, including chicken, to control "food poisoning bacteria." It is not disputed that *Cl. botulinum* is a well-known example of food poisoning bacteria.

The Ueno patent suggests adding the sodium lactate by immersing the food in a bath of that additive for thirty seconds to thirty minutes or more, thus embracing a broad range of additive concentrations absorbed by the food. This immersion process is not unlike dipping methods once employed by OMFC for adding sodium lactate to its poultry products.

Other prior art documented and quantified the effect of sodium lactate in controlling the growth of specific food-borne bacteria. A Japanese patent application by Fukui published in 1984 disclosed the addition of sodium lactate to a variety of foods, including fish-paste. At concentrations of 1%, 1.5% and higher, a delay was observed in the growth of various bacteria, such as "rope" and "slime" bacteria. Likewise, an article published by Angersbach in 1971 reports the delaying effect of sodium lactate on four types of bacteria found in meat, including food poisoning bacteria.

In 1984, the Food and Drug Administration ("FDA") approved the use of calcium lactate - one of the lactate salts of the patent claims - as a flavor enhancer. That same year Purac Inc., a major producer of lactate salts, petitioned the FDA to expand the permitted use of lactate salts in foods, stating that "[b]ased on its humectant[1] qualities, sodium lactate is used to lower the water activity of meat products and to increase their shelf life." (Emphasis and footnote added.) This petition was a matter of public record.

The previously known use of lactate salts as meat additives was not only in the form of patents and publications. Purac was actually advertising and selling sodium lactate as a meat additive, noting its effect as a humectant and as a flavorant before the alleged inventions on which the patents-in-suit are based. A 1984 letter from Purac documents that poultry was among those meats in which sodium lactate was suggested for use.

2. How The "Inventors" Learned of the Usefulness of Sodium Lactate

John Cerveny, the principal inventor and an employee of OMFC, admitted that he first learned of the usefulness of lactate salts in meat by reading a Purac advertisement in a food industry trade journal. He then requested from Purac and received more information, both orally and in writing, about the usefulness of sodium lactate as a humectant and as a flavorant. He acknowledged that he was

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[1] A humectant is a substance that lowers water activity in food and thereby controls bacterial growth.

specifically told by Purac that sodium lactate would extend the shelf-life of meat (the period before the growth of bacteria would render the food objectionable to consumers) and was sent a sample. OMFC was, at that time, experiencing a serious shelf-life problem with some of its chicken products and urgently needed a solution to that problem. This problem did not, however, have anything to do with *Cl. botulinum*, the bacteria that causes botulism.

The sodium lactate received from Purac was tested in OMFC's chicken products by another of the inventors. He found that sodium lactate did act as a humectant and delayed the growth of bacteria, just as Purac said. OMFC thus concluded that sodium lactate was the solution to its shelf-life problem – not a *Cl. botulinum* problem – and quickly began to add sodium lactate to certain of its poultry products for that reason.

3. The "Inventors" Turn Their Attention to *Cl. botulinum* and Obtain the OMFC Patents

Meanwhile, OMFC had begun to investigate the effect of sodium lactate on *Cl. botulinum*. As noted above, this bacteria can, under certain very specific conditions cause botulism. However, botulism is extremely rare. In fact, OMFC's experts admitted that there have been no known cases in which botulism was attributed to poultry, and all the products in issue are poultry products. It was mundane shelf-life problems, not a fear of botulism, that had interested OMFC in sodium lactate.

Nevertheless, OMFC obtained the patents in suit for poultry or fish products containing an amount of sodium lactate "sufficient to delay growth of *Clostridium botulinum*" (the '391 patent) and for a "method for delaying the growth of *Clostridium botulinum*" in poultry and fish (the '729 patent). The independent claims of these patents are as follows:

Claim 1 of the `391 patent

> 1. In a packaged foodstuff, said foodstuff being selected from the group consisting of fish and poultry, said fish or poultry being cooked, but not sterilized, being packaged in an anaerobic plastic barrier package and intended to be stored under refrigeration, said foodstuff being subject to the growth of *Clostridium botulinum* under temperature abuse, the improvement wherein the foodstuff comprises a lactate salt in an amount of from 1 to 7% by weight and sufficient to delay growth of *Clostridium botulinum* in the foodstuff.

Claim 1 of the `729 patent

> 1. A method for delaying Clostridium botulinum growth in a foodstuff selected from the group consisting of fish and poultry, the method consisting essentially of:
>
> (a) adding a lactate salt to a fresh foodstuff selected from the group consisting

of fish or poultry, said lactate salt being added in an amount of about 1% to about 7%;

(b) cooking the foodstuff at high humidity to a temperature sufficient to cook the foodstuff but not sufficient to sterilize the foodstuff;

(c) cooling the cooked foodstuff; and

(d) packaging the cooked foodstuff in a plastic barrier package.

The range of concentrations of lactate salts covered by the patent claims is 1 to 7%, clearly encompassing the concentrations within which sodium and potassium lactate were previously known to be useful as humectants and flavorants. Besides calling for the addition of 1-7% of a lactate salt each of these claims recites certain other characteristics of the food product and the method of its preparation, such as cooking at high humidity, allowing the food to cool and packaging in a plastic wrapper. Moreover, these other features of the food products and method were part of the conventional processing of prior art poultry products, as admitted[2] by OMFC and as established by uncontroverted expert testimony.

The dependent claims of the patents that are of interest here add limitations to specific

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[2] Claim 1 of the '391 patent is written in "Jepson" format, setting forth all limitations except the inclusion of lactate salt in the preamble, as an admitted part of the prior art. Sjolund v. Musland, 847 F.2d 1573, 1577 (Fed. Cir. 1988). These features of the prior art are also shown in U.S. Patent Nos. 4,285,980 and 4,421,823, both of which are earlier than to the OMFC patents.

lactate salts (sodium and potassium lactate), limit the foodstuff to poultry as opposed to fish, and restrict the lactate salt concentration to a range of 1.5 - 3.0%.

4. ConAgra's Use of Lactate Salts

ConAgra is a competitor of OMFC in the sale of poultry products. In 1989, ConAgra began to add lactate salts to some of its poultry products. ConAgra's motivation, like that of OMFC, was a concern about shelf-life, not botulism. ConAgra added lactate salts at a concentration of 2.0% (a level expressly permitted by the FDA and USDA for use as a humectant and flavorant). There is no evidence that ConAgra was ever aware of the asserted effect of lactate salts on *Cl. botulinum*.

5. ConAgra's Objections to the Special Verdict and Jury Instructions and its Related Motions

At the trial ConAgra's principal argument as to patent invalidity was that it was obvious from the prior art to perform the steps of the claimed method (the '729 patent) and to make poultry products having the claimed characteristics (the '391 patent) because of the known humectant and flavorant properties of lactate salts, even if it was not obvious to add these salts for the specific purpose of delaying the growth of *Cl. botulinum*. ConAgra requested a special verdict asking the jury, *inter alia*, whether it was obvious to add sodium lactate to chicken and whether it was obvious that such an addition would:

1) be beneficial;

2) control the growth of food poisoning bacteria; and

3) control the growth of *Cl. botulinum*.

Based on these answers the court could have determined whether the patents are valid.

The trial court chose, however, to use only a very simple verdict form, omitting the question of obviousness entirely and asking the jury instead whether each of OMFC's patent claims had been proven "invalid." ConAgra repeatedly and vigorously objected to the verdict form before it was used. The following are exemplary of ConAgra's oral arguments at the final pre-trial hearing and during trial:

> "If the jury simply tells us, for example, in response to No. 4 that Claim 1 of the patent is invalid or, let us say, is valid, we have no way of knowing whether the jury based that determination on an assumption that we had to prove that it was obvious to use sodium lactate and potassium lactate for the purposes of controlling the growth of Clostridium botulinum." (Emphasis added.)

> "Your honor, my problem with the special verdict is that it does not tell us whether the jury thought that the question of validity, which is basically obvious[ness], was answered from the perspective of obviousness for bot[ulinum], or obviousness for any

purpose, or obviousness for some purpose in between."

ConAgra then tried unsuccessfully to have the obviousness/purpose issue addressed in the jury instructions.[3] No instruction was given on this issue.[4]

The absence of any instructions as to the significance – or lack of significance – of the purpose for adding of sodium lactate in determining patent validity was fully exploited by OMFC

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[3] ConAgra requested the following instruction: "In determining obviousness, you are to disregard the purpose stated in the Oscar Mayer patents for carrying out the method and the stated purpose for making the product." The statement in the trial court's opinion that "[d]efendants did not submit a requested instruction more specifically addressing the issue of purpose" is not accurate.

[4] The trial court further declined to give ConAgra's proposed instruction No. 16, which would have approached the question of obviousness differently:

> "If you find that any of defendants' processes or products are the same as the prior art or are a variation on the prior art that would have been obvious to a person of ordinary skill in the art, then you must find that those processes or products do not infringe any of plaintiff's patent claims."

The trial court was later to explain, in its written opinion, that this problem would have been solved by an instruction to which ConAgra objected. However, that proposed instruction related solely to the determination of infringement, not validity, and read as follows:

> "If what ConAgra is doing is covered by any of the claims of the patents in suit, ConAgra is infringing regardless of its motive or purpose."

throughout the trial. For example, in its opening statement, OMFC said:

> "First, Oscar Mayer has these two patents, and they are good patents. The reason I say they are good patents is because they describe something which has never been done before and never suggested. Oscar Mayer was the first to add lactates to cooked poultry in order to delay the growth of the botulism producing bacteria." (Emphasis added.)

Then in closing argument OMFC said:

> "As you recall, the patent claims are directed to for the first of the patents, a method of delaying the growth of *Clostridium botulinum*." (Emphasis added.)
>
> * * *
>
> "You see the first portion of the claim talks about a method for delaying *Clostridium botulinum*."

ConAgra made a timely motion under Fed. R. Civ. P. 50 for judgment in its favor on the basis that "when the claims are properly interpreted as a matter of law [so] as to dis-regard purpose, the plaintiff cannot sustain its case in view of the evidence because it is so clear that that which is claimed is made obvious by the prior art." ConAgra also moved for the entry of judgment in its favor

under Fed. R. Civ. P. 58, renewed its Fed. R. Civ. P. 50 motion after the verdict and moved for a new trial under Fed. R. Civ. P. 59. These motions were denied.

C. THE APPEAL TO THE FEDERAL CIRCUIT

ConAgra appealed to the United States Court of Appeals for the Federal Circuit seeking review of, *inter alia*, the legal issue of whether a composition or method that is obvious in view of the prior art can be rendered patentable by the discovery of a new purpose or motivation for making the composition or carrying out the method. ConAgra also sought review of the jury instructions and general verdict to determine whether they failed to properly frame the obviousness defense.

The Federal Circuit affirmed the judgement of the trial court, holding that the patents are not invalid unless the claimed invention would have been an obvious solution to the problem addressed by the inventors as recited in the patents:

> The relevant consideration is the problem the patent applicant purports to have solved, regardless of the technique employed to achieve that solution. OMFC professes to have solved the problem of delaying the growth of *C. bot.* in anaerobically packaged, precooked, unsterilized, uncured poultry and fish products. Its patent is invalid if its solution to that problem would have been obvious to one of ordinary skill in the art.

Oscar Mayer Food Corp. v. ConAgra, Inc.,
Slip Op. at p. 6 (Fed. Cir. Dec. 22, 1994) at A6.

II. ARGUMENT

A. INTRODUCTION

Article I, § 8 of the Constitution grants Congress the power to permit patents to be issued. In exercising this power "[t]he Congress acts under the restraint imposed by the statement of purpose in Art. I, §8. The purpose is 'To promote the Progress of Science and useful Arts.'" Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 154 (1950). Thus Congress "does not have free reign . . . to decide that patents should be easily or freely given," nor should the Patent Office or the courts frustrate the Constitutional purpose of the patent law by the manner in which the laws are implemented and interpreted. Id. The law must be applied in such a way that patent monopolies are granted and upheld only when the Constitutional standard is met.

In present case the patent law was impermissibly applied in such a way that OMFC was permitted to subtract from the resources which were available to the public before the "invention" was made. This is so because the patents in issue withdraw from the public domain that which it was already obvious to do (add lactate salts to meat for various known purposes), diminishing the resources available to the nations food producers.

Even if it is assumed that the patentee did provide food producers with a new reason or motivation for adding lactate salts to meat, specifically poultry, the patent law can not be

used to deny ConAgra the right to add lactate salts for other reasons that were obvious long ago. The discovery of a new motivation is not itself sufficient to satisfy the Constitutional standard of patentability, even if the motivation, as distinguished from the process or composition, is not obvious.

B. ALL ISSUES CONCERNING THE VALIDITY OF A PATENT MUST BE DETERMINED IN ACCORDANCE WITH THE GUIDING PRINCIPLE OF THE CONSTITUTION

The appropriate starting point in answering the question of whether a patent should be sustained is the tenet, well recognized by the Supreme Court, that advancement of the useful arts is the overriding Constitutional standard for patentability:

As the Supreme Court has stated:

> The function of a patent is to add to the sum of useful knowledge. Patents cannot be sustained when, on the contrary, their effect is to subtract from former resources freely available to skilled artisans.

Great Atlantic, 340 U.S. at 152 (1950). This is the broad guiding principle under which the more specific requirements of novelty, utility and nonobviousness are to be applied. *See also,* Anderson's-Black Rock, Inc. v. Pavement Salvage Co., Inc., 396 U.S. 57 (1969). We emphasize the last of these requirements because, as this case

demonstrates, the Patent Office and the courts seem to have the greatest difficulty in applying the Constitutional standard, and safeguarding free access to what is rightfully in the public domain when the obviousness of an invention is at issue.

The requirement of nonobviousness was codified in 1952 to make clear where the line should be drawn between that which is to remain freely available for use by the public and that which can be made the subject of a valid patent:

> Section 103, for the first time in our statute, provides a condition which exists in the law and has existed for more than 100 years, but only by reason of decisions of the courts. An invention which has been made, and which is new in the sense that the same thing has not been made before, may still not be patentable if the difference between the new thing and what was known before is considered sufficiently great to warrant a patent. . . . Section 103 states this requirement in the title. It refers to the difference between the subject matter sought to be patented and the prior art, meaning what was known before as described in section 102. If this difference is such that the subject matter as a whole would have been obvious at the time to a person skilled in the art, then the subject matter cannot be patented.

> That provision paraphrases language which has often been used in decisions of the courts, and the section is added to the statute for uniformity and definiteness. This section should have a stabilizing effect and minimize great departures which have appeared in some cases.

S. Rep. No. 1979, 82nd Cong., 2d Sess. (1952), *reprinted in* 1952 U.S. Code Cong. & Ad. News 2394, 2399. Thus, not only does the statute provide guidance as to how to implement the Constitutional standard, but the nonobviousness doctrine itself is a codification of the Constitutional standard for patentability that has been interpreted and applied in more than 100 years of precedent. This case is representative of an erroneous interpretation of the "nonobvious" standard, resulting in a broader, looser conception of patentability that permits a patentee to prevent others from using ideas that were made obvious by the prior art before the "invention" on which the patent is based.

C. FAILING TO APPLY THE CONSTITUTIONAL STANDARD IN REVIEWING NONOBVIOUSNESS OF THE OMFC PATENTS PRODUCED ANANOMALOUS RESULT

The Federal Circuit acknowledged that "[i]f the subject matter were old [i.e., not novel], OMFC could not now withdraw from the public domain that which was already in actual use merely because it discovered a new, additional use." Oscar Mayer Foods Corp. v. ConAgra, Inc., Nos. 94-1247, 1248,

Slip Op. at 9 (Fed. Cir. Dec. 22, 1994). *See* A9. That court was unwilling, however, to recognize that this same prohibition extends to that which was novel but was, nevertheless, obvious in view of the prior art. Thus, immediately juxtaposed to the above quoted statement is the following: "The obviousness . . . of subject matter not now in use raises different concerns." *Id.* (Emphasis added.) The clear implication is that the Constitutional standard that separates public domain ideas from valid patents is to be observed only when the novelty of an invention is at issue, not when the nonobviousness of the invention is at issue. Accordingly, that which is novel but obvious can under some circumstances be withdrawn from the public domain.

This decision seriously erodes the fundamental principle of patent law that a valid patent cannot "subtract[s] from former re-sources freely available to skilled artisans." Great Atlantic, 340 U.S. 152-153. The Constitution's directive and the Supreme Court's interpretation of that directive does not condition prohibition of such a result on the novelty requirements of 35 U.S.C. § 102(a) alone. If a patent results in taking obvious and useful technology out of the public domain, that patent cannot be sustained. Indeed, Congress has no authority to enact a patent law having such an effect.

> Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to

> materials already available. Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must 'promote the Progress of . . . useful Arts,' This is the standard expressed in the Constitution and it may not be ignored.

Anderson's-Black Rock, 396 U.S. at 61 (1969).

Had the courts below simply looked at the effect that the OMFC patents have on the public's ability to freely use obvious ideas, the patents could not have been sustained. The prior art taught use of lactate salt in meats and other foods as a flavorant and as a humectant to extend shelf-life. ConAgra was motivated by the shelf-life extending properties of lactate salts to do just that. Upon the issuance of the OMFC patents, however, OMFC had been granted the power to prevent other food producers from using technology that was already obvious and that they could have freely used before. The result oriented standard of the Constitution requires that the OMFC patents be held invalid and the use of lactate salts as flavorants and humectants be returned to the public domain.

D. **BOTH PRE- AND POST-STATUTE SUPREME COURT DECISIONS PROHIBIT BASING VALIDITY ON THE ASSERTED MOTIVATION FOR THE INVENTION WHERE THE RESULT IS TO WITHDRAW OBVIOUS IDEAS FROM THE PUBLIC DOMAIN**

Section 103 addresses several aspects of nonobviousness. For example, it answers questions such as: nonobviousness of what; nonobvious to whom; nonobvious as of what time; and nonobvious in view of what. Rather than adhering to the plain language of the statute, however, the Federal Circuit has adopted as a standard of patentability, the nonobviousness of the "problem solved by the inventor," thereby setting a new subjective and more lenient test.

The opinion of the Federal Circuit explains, with regard to its review of the nonobviousness issue, that "[t]he relevant consideration is the problem the patent applicant purports to have solved . . . . [a patent is not invalid unless] its solution to that problem would have been obvious to one of ordinary skill in the art" Oscar Mayer Foods Corp. v. ConAgra, Inc., Nos. 94-1247, 1248, Slip Op. at 10 (Fed Cir. Dec. 22, 1994). *See* A10. Thus, according to the Federal Circuit opinion a "step that supplies an obvious . . . solution to one problem may well provide a new, unexpected, and nonobvious solution to a different problem. The difference lies in the stated utility of the invention, i.e., the problem an applicant claims to have solved." Id. at 9. *See* A9. Because none of the prior art references "teach or suggest that adding sodium lactate to . . . foods will inhibit

the growth of C. bot.," the Federal Circuit found the claimed invention nonobvious. Id. at 12-13. *See* A12-13. This interpretation of the nonobviousness doctrine improperly focuses the analysis on subjective criteria and is wholly at odds with the objective analysis required by 35 U.S.C. § 103 and the decisions of the Supreme Court which reject the mere articulation of a purpose or motivation by an inventor as a basis for patentability.

Neither the statute nor Supreme Court precedent permits the subjective motivation or purpose of the inventor to be the determinative factor in the nonobviousness analysis. As early as 1893, the Supreme Court stated that

> The validity of the patent in question must be ascertained, not from a consideration of the purposes sought to be accomplished, but of the means pointed out for the attainment thereof; and if such means, adapted to effect the desired results, do not involve invention, they can derive no aid or support from the end which was sought to be secured.

Knapp v. Morss, 150 U.S. 221, 14 S.Ct. 81, 84 (1893).

OMFC would undoubtedly attempt to distinguish the holding in Knapp by arguing that it is limited to the issue of novelty. However, such a distinction is unsound. Nowhere is it stated in Knapp that one reference alone discloses the

claimed dress form. Instead, the Supreme Court repeatedly stated that the prior art was "adapted" for use as a dress form. This adaptation required the skill of an ordinary mechanic, but no more, and thus did not involve "invention," the predecessor of the nonobviousness standard. Accordingly, the dress form, although novel, was not appropriate subject matter for a valid patent, and the motivation – "the end which was sought to be secured" – could not be relied upon to sustain the patent.

It should not go unnoticed that given the facts of Knapp, the Supreme Court could have sustained the validity of the patent in issue there, had it been inclined to adopt the approach to nonobviousness used by the Federal Circuit in this case. Thus, the Court could have reasoned in that the solution to the problem that the inventor was attempting to solve (limited adjustment of dress forms) was unobvious despite the disclosure of a similar structure in the prior art because the prior art viewed that structure as a solution to a different problem. Instead, the Supreme Court expressly rejected that analysis.

Fifty years later the Supreme Court again refused to adopt a subjective, motivation-based approach to nonobviousness. General Electric Co. v. Jewel Incandescent Lamp Co., 326 U.S. 242 (1945) came before the Supreme Court on a writ of certiorari to resolve inconsistent holdings as to the validity of the "Pipkin patent."

The Pipkin patent was directed to a "glass electric lamp bulb having its interior surface frosted by etching . . . said interior bulb surface

being characterized by the presence of rounded as distinguished from sharp angular crevices." Id. at 243. The announced object of the invention was to produce an inside frosted glass bulb which was much stronger than those produced before. The Pipkin patent revealed that the initial frosting process produced sharp angular crevices in the glass, reducing the strength of the glass. If the initial interior frosting step were followed by a second frosting treatment, the angular crevices were rounded, restoring strength to the glass bulb.

Many years prior to the Pipkin patent, reduced-glare light bulbs were produced by frosting the outside surface with an acid etching solution, although the rough exterior of the frosted bulb collected dirt and was difficult to clean. The prior art Kennedy patent also disclosed frosting the interior surface of the glass bulb, but the strength of the bulb was substantially reduced, making it unfit for practical use. The idea of rounding the surface of glass was disclosed in an earlier patent to Wood for light diffusing screens. However, it does not appear that any one prior art patent or publication disclosed successive frosting treatment of the interior surface of a light bulb or the strength advantageous conferred by this type of treatment.

The Court expressly recognized that the light bulb claimed in the Pipkin patent, made by two interior frosting steps, had never existed before and therefore it was novel, i.e., it was not "anticipated." Nevertheless, the Court went on to note that:

Wood, as well as the art which preceded him, showed how to produce such a surface on electric bulbs as well as on other articles of glass. Kennedy showed how to frost the inside of an electric bulb. In view of these disclosures it is difficult to see how there could be invention[5] in frosting either the outside or the inside of an electric bulb so as to produce saucer-shaped rather than sharp, angular crevices or pits. A product claim describes an article, new and useful. The principle of the *Ansonia* case plainly would deny validity to the Pipkin patent if the prior art disclosed an electric bulb so frosted on the inside as to round out the angular crevices produced by the first etching, whether the full utility of the bulb has been previously recognized or not. The same result is indicated where, as in the present case, the prior art discloses the method of making an article having the

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[5] The antecedent to the "nonobviousness" requirement was "invention." "It has long been clear that the Constitution requires that there be some 'invention' to be entitled to patent protection. . . . This standard was enacted in 1952 by Congress in 35 U.S.C. §103 'as a codification of judicial precedents . . . with congressional directions that inquiries into obviousness of the subject matter sought to be patented are a prerequisite to patentability.'" Sakraida v. Ag Pro, Inc., 425 U.S. 273, 279 (1976). (Citations omitted)

> characteristics of the patented product, though all of the advantageous properties of the product had not been fully appreciated. . . . Pipkin found latent qualities in an old discovery and adapted it to a useful end. But that did not advance the frontiers of science in this narrow field so as to satisfy the exacting standards of our patent system. Where there has been use of an article or where the method of its manufacture is known, more than a new advantage of the product must be discovered in order to claim invention.

General Electric, 326 U.S. at 248. (Emphasis and footnote added. Citations omitted.)

If the prior art, as in the General Electric case, provides some motivation to the skilled artisan to make a composition, then that composition cannot be patented merely because a different motivation is later suggested by another. To state the very same point differently, a patent cannot be sustained if it would have been obvious to make the invention for reasons suggested by the prior art, even though those reasons may be different from the reasons relied on by the inventor.

In the present case, the Federal Circuit held that even if the prior art suggested the claimed invention for some purpose, obviousness of the claimed invention could not be established unless the prior art suggested the invention for the purpose stated in the patent. Because this

erroneous view of the law of obviousness so distorted the determination of patent validity, the judgment of the Federal Circuit should be vacated.

E. PATENTABILITY SHALL NOT BE NEGATIVED BY THE MANNER IN WHICH THE INVENTION WAS MADE

Section 103 provides that "Patentability shall not be negatived by the manner in which the invention was made." 35 U.S.C.A. § 103 (Wests Supp. 1995) The subjective "flash of genius" test of patentability was statutorily prohibited by this sentence precisely because it focussed on the way in which the invention was made (a subjective test) rather than on the attributes of the invention itself, such as structure, steps, and properties (an objective test).

The decision in this case resurrects the subjective route by which the patentee arrived at the claimed invention as determinative of patentability, albeit using that subjective analysis to uphold rather than to strike down the patent. It is thus necessary for the Supreme Court to refocus the inquiry on the claimed invention itself. Otherwise, the subjective approach now adopted by the Federal Circuit permits technology that belongs in the public domain – that which is obvious from the prior art – to be validly patented.

If in fact a novel composition or method is both the obvious solution to one problem and an unobvious solution to another problem, a patent that claims that composition or method cannot be allowed to stand. It cannot be patentable to one

inventor but not to another, based solely on the problems the inventor assertedly had in mind when conceiving of the invention.

Moreover, as the evidence in the present case shows, OMFC first "discovered the invention" when it sought a solution to its shelf-life problem. The OMFC patents were granted and have come this far only because OMFC was clever enough to frame the patent in terms of controlling *Cl. botulinum* rather than shelf-life or flavor.

III. CONCLUSION

The opinion and decision of the Federal Circuit in this case represents a fundamental, misguided departure from the proper application of the obviousness standard that is at the heart of the patent law: an objective standard of patentability as implemented first through the common law requirement of "invention" and more recently through the statutory requirement of "nonobviousness."

Patents should be granted and sustained only when they set forth claims that define unobvious methods and compositions. Patents that take away

from the resources previously available to competitors should be struck down as invalid.

Respectfully submitted,

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APPENDIX

NOTE: Pursuant to Fed.Cir.R.47.6, this disposition is not citable as precedent. It is a public record. The disposition will appear in tables published periodically.

United States Court of Appeals
for the Federal Circuit

Nos. 94-1247, -1248

OSCAR MAYER FOODS CORPORATION,

Plaintiff-Appellee,

v.

CONAGRA, INC.

Defendant-Appellant,

and

SWIFT-ECKRICH, INC.,

Defendant.

DECIDED: December 22, 1994

Before MICHEL, Circuit Judge, BENNETT, Senior Circuit Judge, and RADER, Circuit Judge.

BENNETT, Senior Circuit Judge.

ConAgra, Inc. (ConAgra) appeals from a judgment entered against it on a jury verdict in favor of Oscar Mayer Foods Corporation (OMFC). Oscar Mayer Foods Corp. v. ConAgra, Inc., 31 USPQ2d 1173 (W.D. Wis. 1994). The jury found that ConAgra had infringed OMFC's patents and that ConAgra failed to prove clearly and convincingly facts supporting its contention that OMFC's patents are invalid. For the reasons set forth below, we affirm.

BACKGROUND

OMFC sued ConAgra for infringing two patents, both of which pertain to preserving food products. In particular, both patents teach that adding a lactate salt in an amount from 1% to 7% by weight to cooked (but not sterilized), anaerobically packaged, uncured fish or poultry may help prevent botulism. OMFC's U.S. Patent 4,789,729 (the '729 patent), which issued in 1989, claims a process. OMFC's U.S. Patent 5,017,391 (the '391 patent), which issued in 1991, claims foodstuffs made by the process. Both patents take their filing dates from the same application, filed in December 1985.

Botulism is a serious, potentially fatal form of food poisoning caused by the bacteria *Clostridium botulinum (C. bot.)*. The bacteria has both a dormant state and a vegetative state. In

its vegetative state *C. bot.* produces the toxin which causes botulism. Botulism is extremely rare, requiring the concurrence of several conditions. Because *C. bot.* grows only in the absence of oxygen, food must be anaerobically packaged for botulism to occur. The food must have an appropriate pH level. The food must be sufficiently moist. The food must be stored at a sufficiently high temperature. Even where *C. bot.* has entered its vegetative state, cooking the food before it is eaten breaks down the toxin.

The Patents in Suit

The broadest claim of the '729 patent for OMFC's process reads:

> 1. A method for delaying Clostridium botulinum growth in a foodstuff selected from the group consisting of fish and poultry, the method consisting essentially of:
>
> (a) adding a lactate slat [sic] to a fresh foodstuff selected from the group consisting of fish and poultry, said lactate salt being added in an amount of about 1% to about 7%;
>
> (b) cooking the foodstuff at high humidity to a temperature sufficient to cook the foodstuff but not sufficient to sterilize the foodstuff;
>
> (c) cooling the cooked foodstuff; and

(d) packaging the cooked foodstuff in a plastic barrier package.

Claim one of the '391 patent, which is the broadest of OMFC's product claims, reads:

> 1. In a packaged foodstuff, said foodstuff being selected from the group consisting of fish and poultry, said fish or poultry being cooked, but not sterilized, being packaged in an anaerobic plastic barrier package and intended to be stored under refrigeration, said foodstuff being subject to the growth of Clostridium botulinum under temperature abuse, the improvement wherein the foodstuff comprises a lactate salt in an amount of from 1 to 7% by weight and sufficient to delay growth of Clostridium botulinum in the foodstuff.

The District Court Proceedings

OMFC filed an infringement suit against ConAgra in the United States District Court for the Western District of Wisconsin. In a pretrial motion, ConAgra asked the court to rule that a process which includes a second salt such as sodium chloride or sodium tripolyphosphate does not infringe the '729 patent. The motion was denied.

At the close of OMFC's case-in-chief, ConAgra moved for judgment as a matter of law (JMOL), arguing that even if every other limitation were

met OMFC had nonetheless failed to prove that ConAgra used the process of the '729 patent for the purpose of inhibiting the growth of *C. bot*. After this motion was denied, ConAgra noted that when inquiring into validity the court would have to use the same construction as had been adopted for infringement. ConAgra argued that therefore the inventors' intent in using sodium lactate could not be considered when determining obviousness.

ConAgra sought to introduce evidence that in its process a second salt (either sodium chloride or sodium tripolyphosphate) reacted synergistically with sodium lactate to produce unexpectedly good results. The district court excluded this evidence, and later charged the jury over ConAgra's objection that the use of table salt in the accused process did not affect the basic and novel characteristics of the claimed process.

ConAgra urged the court to submit the case to the jury by means of an elaborate special verdict form. The court declined, relying instead on jury instructions. ConAgra objected to the instructions on obviousness and damages, as well as to the instruction regarding the use of a second salt in the process. The jury returned a verdict in favor of OMFC. The court denied ConAgra's post trial renewal of its JMOL motion and its motion for a new trial. This appeal followed.

DISCUSSION

Standard of Review

ConAgra ascribes several errors to the trial court. It argues that the court misstated the law in its jury instructions and that it should have used a special verdict form. It argues that the trial court should have granted its renewed motion for JMOL. Finally, ConAgra argues that the trial court should have granted its motion for a new trial.

In reviewing the trial court's judgment, this court examines the content of jury instructions for prejudicial legal error. Delta-X Corp. v. Baker Hughes Prod. Tools, Inc., 984 F.2d 410, 415, 25 USPQ2d 1447, 1450 (Fed. Cir. 1993). A new trial will be ordered only when errors in the instructions as a whole clearly misled the jury. Delta-X, 984 F.2d at 415, 25 USPQ2d at 1450-51. To succeed, ConAgra must show (1) that the jury instructions, read in their entirety, were incorrect and (2) that it requested instructions which could have eliminated the error. Id., 984 F.2d at 415, 25 USPQ2d at 1451; Goodwall Constr. Co. v. Beers Constr. Co., 991 F.2d 751, 755, 26 USPQ2d 1420, 1423 (Fed. Cir. 1993). Regarding the form of the instructions, this court will reverse a judgment only if the trial court abused its discretion when selecting the manner in which to submit a case to the jury. Railroad Dynamics, Inc. v. A. Stucki Co., 727 F.2d 1506, 1515, 220 USPQ 929, 938 (Fed. Cir.), cert. denied, 469 U.S. 871 (1984).

When the appellant contests the denial of a renewed motion for JMOL, this court presumes that, on issues of law with underlying issues of fact, the jury made the proper findings necessary to support its verdict. Shearing v. Iolab Corp., 975 F.2d 1541, 1544, 24 USPQ2d 1133, 1136 (Fed. Cir. 1992). The jury expressly found that ConAgra infringed OMFC's patents. To succeed on appeal, ConAgra must prove (1) that the jury's findings, whether presumed or express, are not supported by substantial evidence or (2) the facts properly found cannot support the jury's verdict. Mentor Corp. v. Coloplast, Inc., 998 F.2d 992, 994, 27 USPQ2d 1521, 1524 (Fed. Cir. 1993); Wang Lab., Inc. v. Toshiba Corp., 993 F.2d 858, 863, 26 USPQ2d 1767, 1772 (Fed. Cir. 1993); Standard Havens Prods. v. Gencor Indus., 953 F.2d 1360, 1367, 21 USPQ2d 1321, 1326 (Fed. Cir. 1991), cert. denied, 113 S. Ct. 60 (1992). A finding is supported by substantial evidence if a reasonable juror could have made that finding upon considering the record as a whole. Wang, 993 F.2d at 863, 26 USPQ2d at 1772; Shearing, 975 F.2d at 1544, 24 USPQ2d at 1136; Standard Havens, 953 F.2d at 1367, 21 USPQ2d at 1326. The grant of a new trial is committed to the discretion of the trial court, which will be affirmed absent an abuse of discretion. Shearing, 975 F.2d at 1544, 24 USPQ2d at 1136; Standard Havens, 953 F.2d at 1367, 21 USPQ2d at 1326.

Obviousness

1. Jury Instructions.

ConAgra argues that the trial court misstated the law of obviousness in its jury charge. A patent is invalid if the claimed subject matter would have been obvious to one of ordinary skill in the art at the time of the invention. 35 U.S.C. § 103 (1988). Obviousness is a question of law with four factual predicates: the scope and content of the prior art, the differences between the subject matter claimed and the prior art, level of ordinary skill in the art, and other objective indicia of nonobviousness such as commercial success, long felt but unsolved need, and acquiescence of others in the industry to the patent's validity. Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966).

ConAgra argues that OMFC's contribution to the art was objectively obvious. Per ConAgra, it would have been obvious to one of ordinary skill in the art to use sodium lactate as one possible solution to certain problems other than preventing botulism, such as shortness of shelf life. ConAgra contends that it is impermissible to consider an inventor's subjective purpose when determining whether claimed subject matter is obvious. Contrary to ConAgra's position, however, the problem an inventor professes to have solved is relevant in framing the obviousness inquiry.

ConAgra cites many cases for the proposition that discovering a new use for an old product does not entitle an inventor to a patent on the old product. E.g., In re Woodruff, 919 F.2d 1575,

1578, 16 USPQ2d 1934, 1936 (Fed. Cir. 1990); Titanium Metals Corp. v. Banner, 778 F.2d 775, 782, 227 USPQ 773, 778 (Fed. Cir. 1985). Although certainly true, that principle is inapplicable here. The novelty of the subject matter OMFC claimed was not an issue at trial. If the subject matter were old, OMFC could not now withdraw from the public domain that which was already in actual use merely because it discovered a new, additional use. The obviousness, however, of subject matter not now in use raises different concerns. A step that supplies an obvious, but perhaps impractical, solution to one problem may well provide a new, unexpected, and nonobvious solution to a different problem. The difference lies in the stated utility of the invention, i.e., the problem an applicant claims to have solved.

ConAgra argues that merely identifying a new purpose is not sufficient to overcome a prima facie case of obviousness, citing In re Dillon, 919 F.2d 688, 693-94, 16 USPQ2d 1897, 1902 (Fed. Cir. 1990). Prima facie obviousness is a procedural tool employed in ex parte proceedings before the PTO. In re Oetiker, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992). In litigation, an issued patent is presumed valid. 35 U.S.C. § 282 (1988). Because of this presumption, the party opposing validity in litigation bears the burden both of proving by clear and convincing evidence facts establishing invalidity and also of coming forward with evidence to make out a prima facie case of obviousness. Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 291-92, 227 USPQ 657, 662-63 (Fed. Cir. 1985). Because no statutory

presumption of validity attaches during prosecution, it is far from clear that the requirements of a prima facie case were the same in Dillon as in Ashland. Even if prima facie obviousness as described in Dillon is sufficient to establish a prima facie case of obviousness in litigation as required under Ashland, the prior art cited by ConAgra and reviewed below was inadequate to establish such prima facie obviousness.

ConAgra also contends that, even if an inventor's purpose is relevant, the inventors in the case at bar did not set about to discover a method of inhibiting the growth of *C. bot*. It does not matter, however, what motivated an inventor to discover the claimed subject matter. The discovery may be by design, by accident, by a vision in a dream, by a sudden flash of genius, or by any other conceivable means. "Patentability shall not be negatived by the manner in which the invention was made." 35 U.S.C. § 103 (1988). The relevant consideration is the problem the patent applicant purports to have solved, regardless of the technique employed to achieve that solution. OMFC professes to have solved the problem of delaying the growth of *C. bot*. in anaerobically packaged, precooked, unsterilized, uncured poultry and fish products. Its patent is invalid if its solution to that problem would have been obvious to one of ordinary skill in the art.

The nature of the problem solved affects all of the four factual inquiries underlying obviousness. Prior art is relevant to the obviousness inquiry if it is analogous, i.e., if it is drawn from that inventor's field of endeavor or

if it is "reasonably pertinent to the particular problem with which the inventor is involved." In re Paulsen, 30 F.3d 1475, 1481, 31 USPQ2d 1671, 1676 (Fed. Cir. 1994) (emphasis added); Heidelberger Druckmaschinen AG v. Hantscho Commercial Prods., 21 F.3d 1068, 1072, 30 USPQ2d 1377, 1379 (Fed. Cir. 1994); Wang, 993 F.2d at 864, 26 USPQ2d at 1773; In re Clay, 966 F.2d 656, 658, 23 USPQ2d 1058, 1060 (Fed. Cir. 1992). Because the problem affects the definition of the prior art, it therefore affects each of the first three Graham factors: the prior art's scope and content, the art's level of ordinary skill, and the prior art's differences from the claimed invention. See Graham, 383 U.S. at 17. Also, objective indicia of nonobviousness are helpful only where there exists a nexus between the indicia and the patented invention. For example, the failure of others is probative only if they sought to overcome the problem the applicant claims to have solved. Similarly, commercial success is probative only if it reflects a demand for that inventor's solution to the problem, not a response to marketing efforts or an effect of some other cause.

ConAgra requested the district court to charge the jury that the inventors' purpose in adding lactate salts to the foodstuff was irrelevant when determining validity. As shown above, such an instruction would have been misleading. The problem the inventors in their application claim to have solved is relevant to the obviousness inquiry. We discern no prejudicial legal error in the court's jury instructions. ConAgra also argues that the trial court should

have used special verdict forms instead of instructions with a general verdict form. Even if this court finds interrogatories and special verdicts particularly useful when reviewing the question of obviousness, see ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT 404 (3d ed. 1994), the trial court did not here abuse its discretion, see Railroad Dynamics, 727 F.2d at 1515, 220 USPQ at 938 (discussing the standard of review), by submitting the case on a general verdict.

2. The Prior Art.

In addition to its arguments concerning the significance of motive, ConAgra also argues that OMFC's patent would have been obvious over the prior art presented at trial. Substantial evidence supported the implicit finding that, given the level of ordinary skill in the art, the claimed invention differed significantly from the prior art of pertinent scope and content. The references on which ConAgra relied most heavily are briefly considered below.

The first is a patent which teaches that washing raw foods in an aqueous sterilizing agent that may include sodium lactate will kill microorganisms which cause food poisoning. Ueno, U.S. Patent 4,592,892. That patent teaches contacting the surface of the foodstuff with a solution. Any addition of sodium lactate to the foodstuff itself is incidental and unmentioned. ConAgra admits that the foods in Ueno are cooked before being eaten. Thus, there was not even the potential for botulism. Ueno does not teach or

suggest that adding sodium lactate to precooked, anaerobically packaged foods will inhibit the growth of *C. bot.*

ConAgra also relies on an unexamined Japanese application which discloses that sodium lactate enhances glycine's preservative properties against rope and slime bacteria without producing the undesirable side effects of browning or affecting flavor. Fukui, Kokai Tokkyo Koho Pub. No. 59-175870 (Published Oct. 4, 1984). Fukui teaches nothing about the effect of sodium lactate in an anaerobic environment. Indeed, Fukui reports generally unfavorable results from the use of sodium lactate without glycine.

ConAgra's next reference is a 1971 article by Dr. Angersbach which teaches the effect of sodium lactate on three types of bacteria. This report does not concern anaerobic bacteria such as *C. bot.* and teaches nothing about the effects of sodium lactate in poultry or fish. ConAgra also points to certain proceedings before the Food and Drug Administration. *GRAS Status of Lactic Acid and Calcium Lactate*, 49 Fed. Reg. 35366-67 (1984); *Purac Inc.; Filing Petition For Affirmation Of GRAS Status*, 50 Fed. Reg. 6252 (1985). Neither of these references teaches the use of sodium lactate to combat *C. bot.* in poultry or fish. Similarly, the advertisements by Purac, Inc. (Purac) to which ConAgra refers teach nothing about the use of sodium lactate to inhibit the growth of *C. bot.*

Dr. Diebel, OMFC's witness, testified that aerobic bacteria such as those discussed in Fukui and the article by Angersbach differ markedly from *C. bot.* Given these shortcomings of the prior art,

the jury's findings implicit in its conclusion regarding obviousness are supported by subsantial evidence. The trial court therefore properly denied ConAgra's renewal of its motion for JMOL on this issue. Likewise, the trial court did not abuse its discretion in denying ConAgra's motion for a new trial.

Infringement

ConAgra argues that the trial court mistakenly excluded evidence concerning the use of a second salt in the claimed process and that the trial court erred in charging the jury that the use of sodium chloride would not affect the basic and novel characteristics of the claimed invention. The determination of infringement is a two-step analysis. Electro Medical Sys., S.A. v. Cooper Life Sciences, 34 F.3d 1048, 1053, 32 USPQ2d 1017, 1020 (Fed. Cir. 1994). First, the patent claims must be properly interpreted without reference to the accused process. Id. This step poses a question of law which we review de novo. Id. Next, the accused process must be compared to the properly interpreted claims. Id. This second step poses a question of fact, which on a jury verdict we review under the substantial evidence standard. Id. The process claim of the '729 patent employed the transitional phrase "consisting essentially of." This phrase denotes a partially closed claim. A process which includes additional features that are not limitations of a partially closed claim will infringe that claim unless the additional features materially affect the basic and novel

characteristics of the claimed process. Atlas Powder Co. v. E.I. Du Pont De Nemours & Co., 750 F.2d 1569, 1573-74, 224 USPQ 409, 412 (Fed. Cir. 1984); In re Herz, 537 F.2d 549, 551-52, 190 USPQ 461, 463 (CCPA 1976).

ConAgra argued at trial that OMFC had amended its claim to recite a partially closed transition phase in order to overcome a prior art rejection which included the use of a second salt. ConAgra further contends that OMFC is thereby estopped from now arguing that its claim reads on processes that include a second salt. The question presented is whether the accused process literally infringes the claim. Because the issue is literal infringement, not the doctrine of equivalents, the doctrine of prosecution history estoppel is inapplicable. Black & Decker, Inc. v. Hoover Service Center, 886 F.2d 1285, 1295, 12 USPQ2d 1250, 1259 (Fed. Cir. 1989).

Nonetheless, the prosecution history may be used as an aid in interpreting the claims. Zenith Lab. v. Bristol-Myers Squibb Co., 19 F.3d 1418, 1421, 30 USPQ2d 1285, 1288 (Fed. Cir.) cert. denied, 63 U.S.L.W. 3370 (U.S. 1994). The trial court, however, concluded that the use of the partially closed transition language was not intended to exclude all processes which use a second salt. That conclusion was not in error. During prosecution, OMFC distinguished the prior art two-salt process from the claimed subject matter on the grounds that all the prior art processes reduced the moisture content and the pH of the food. Thus, OMFC used a partially closed transitional phrase to exclude processes which

reduce moisture and lower the pH of the foodstuff, not to exclude processes which use a second salt.

OMFC contends that ConAgra is judicially estopped from arguing that the interpretation of this claim of the '729 patent raises a question of fact, because (1) ConAgra had previously argued that the claim could be interpreted as a matter of law and (2) the trial court did indeed interpret the claim as a matter of law. Judicial estoppel is a procedural matter, reviewed under the law of the regional circuit in which the trial court sits. Water Technologies Corp. v. Calco, Ltd., 850 F.2d 660, 665 & n.4, 7 USPQ2d 1097, 1101 & n.4 (Fed. Cir.), cert. denied, 488 U.S. 968 (1988). Judicial estoppel in the Seventh Circuit has two elements: (1) that the party has previously taken a position that the court has adopted and (2) that the party is now asserting an inconsistent position. In re Cassidy, 892 F.2d 637, 641 (7th Cir.), cert. denied, 498 U.S. 812 (1990). More particularly with respect to the first element, this court has previously noted that the party against whom estoppel is being asserted must have received some benefit from its previous position, i.e., it "won." Water, 850 F.2d at 665, 7 USPQ2d at 1101. Judicial estoppel does not apply here because the trial court rejected the claim interpretation ConAgra advanced. A party will often argue that facts material to a particular legal theory are not genuinely disputed. If the court rejects that theory, as it did here, the same party is free to argue that the facts material to a different legal theory are genuinely disputed. Because ConAgra did not prevail regarding claim interpretation, it is

not estopped from arguing that genuine issues of fact exist.

Nonetheless, the trial court concluded, and we agree, that the basic and novel characteristic of this invention is the use of lactate salt to inhibit the growth of *C. bot.* Any additional step which does not interfere with the use of a lactate salt to inhibit the growth of *C. bot.* does not materially affect the basic and novel characteristics of the claimed invention and does not escape infringement. ConAgra's evidence did not suggested that the addition of a second salt interfered with the use of lactate salt to suppress the growth of *C. bot.* Therefore, there was no factual issue to submit to the jury. The trial court committed no prejudicial legal error in its instructions to the jury regarding infringement. Subsantial evidence supported the jury's verdict, and the trial court did not abuse its discretion in refusing to grant a new trial.

Damages

OMFC licensed Purac under the patents. OMFC reserved the right to practice the invention itself, but agreed not to license anyone else. Purac agreed to sublicense all who made reasonable offers. OMFC received a fixed royalty on each sublicense. ConAgra argues that, by this agreement, OMFC has bargained away any right to exclude others, retaining only the right to collect a royalty. ConAgra further argues that by giving this license, OMFC established the measure of

damages for infringement at the fixed royalty rate OMFC received from Purac's sublicensees.

One who chooses not to accept a license that is offered may not thereafter rely on the license royalty rate as the measure of damages. See Beatrice Foods Co. v. New England Printing & Lithographing Co., 899 F.2d 1171, 1173, 14 USPQ2d 1020, 1022 (Fed. Cir. 1990). ConAgra here chose not to accept the license offered to it by Purac. ConAgra may not rely on that license now to limit OMFC's recovery. ConAgra was neither a party to the contract between Purac and OMFC nor an intended beneficiary thereof. In the contract, OMFC explicitly retained the right to pursue its full range of infringement remedies against anyone who did not obtain a sublicense. The allocation of rights between OMFC and Purac does not limit ConAgra's liability.

The methodology for the computation of damages lies within the discretion of the trial court. State Indus., Inc. v. Mor-Flo Indus., Inc., 883 F.2d 1573, 1576-77, 12 USPQ2d 1026, 1028 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); King Instrument Corp. v. Otari Corp., 767 F.2d 853, 863, 226 USPQ 402, 409 (Fed. Cir. 1985), cert. denied, 475 U.S. 1016 (1986). The amount awarded must be sufficient to compensate the patent owner for his loss, and may not be less than a reasonable royalty. 35 U.S.C. § 284 (1988); State, 883 F.2d at 1577, 12 USPQ2d at 1028. Because OMFC retained the right to use the patented process, ConAgra's infringing activity was in direct competition with OMFC's sales. To the extent OMFC can satisfy the requirements for recovering lost profits, it is

therefore entitled to recoup such damages. The trial court committed no prejudicial legal error in charging the jury that it could award lost profits despite the presence of the Purac license.

To recover lost profits, OMFC must prove that but for the infringement it would have made ConAgra's sales; however, OMFC need not eliminate all possibility that a purchaser would have bought a different product or forgone the purchase entirely. State, 883 F.2d at 1577, 12 USPQ2d at 1028. To satisfy this burden, it is sufficient to show four elements: (1) demand for products covered by the patent, (2) an absence of acceptable, noninfringing substitutes, (3) manufacturing ability and marketing capacity to exploit the demand, and (4) the amount of profits that would have been made. Id.; Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 575 F.2d 1152, 1156, 197 USPQ 726, 730 (6th Cir. 1978). Although this court has approved that approach, it is not the only way in which a plaintiff may prove lost profits. State, 883 F.2d at 1577, 12 USPQ2d at 1028.

With regard to the second Panduit element, this court has previously approved proof of market share as a substitute for proving the absence of acceptable, noninfringing alternatives. BIC Leisure Prods. v. Windsurfing Int'l, 1 F.3d 1214, 1219, 27 USPQ2d 1671, 1675 (Fed. Cir. 1993); State, 883 F.2d at 1577-78, 12 USPQ2d at 1029. The trial court correctly charged the jury that in order to award lost profits it must find that but for the infringement the patent owner would have made its market share of the infringer's sales. With regard to acceptable, noninfringing alternatives, the

court correctly charged that the plaintiff bears the burden of proving its market share by a preponderance of the evidence. ConAgra argues that in applying this instruction the jury was apt to ignore ConAgra's evidence that it could compete in this market without infringing the patent. We do not understand the instructions to invite such an interpretation. The trial court did not commit prejudicial legal error in charging the jury regarding lost profits. Substantial evidence supports the jury's finding of the appropriate market share, implicit in its award of damages. We will not disturb that finding.

CONCLUSION

In conclusion, we find no error in the district court's judgment. The instructions concerning obviousness were not incorrect. The trial court did not err in excluding evidence concerning ConAgra's use of a second salt in its process. The license between Purac and OMFC does not affect ConAgra's liability for infringement in this suit. The court's instructions regarding lost profits as the measure of damages were not in error. Substantial evidence supported the jury verdict on each of these points, and the district court did not abuse its discretion when it refused to order a new trial. The judgment of the district court is therefore affirmed.

IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

OSCAR MAYER FOODS CORPORATION

Plaintiff,

vs.

CONAGRA, INC., and
SWIFT-ECKRICH, INC.,

Defendants.

MEMORANDUM AND ORDER

92-C-718-S

Plaintiff Oscar Mayer Foods Corporation commenced this action alleging that defendants Conagra, Inc. and Swift-Eckrich, Inc. infringed its U.S. Patents Number 4,789,729 and 5,017,391 relating to the processing of fish and poultry. Defendants dispute the infringement allegations and assert that the patents are invalid for obviousness. The issues of infringement and validity were tried to a jury for four days from September 20 to September 23, 1993. At the conclusion of trial the jury returned a verdict finding the patents valid and infringed. The issue of damages was tried to the jury on September 29 and 30, 1993. At the conclusion of the damage phase of trial the jury returned a verdict finding

the infringement was willful and determining damages to be $9,835,000.

Prior to the entry of judgment defendants moved the Court to enter judgment in their favor as a matter of law pursuant to Rules 50 and 58. The Court denied the defendants' motions and entered judgment in plaintiff's favor in the amount determined by the jury.

The matter now comes before the Court on various motions after verdict advanced by both parties. Defendants seek reconsideration of the previous denial of the motion to enter judgment in their favor under Rule 58. Defendants also renew their motions for judgment as a matter of law pursuant to Rule 50(b) on the issues of validity, infringement and damages. Alternatively, defendants seek a new trial pursuant to Rule 59. Plaintiff moves to amend the judgment pursuant to Rule 59(e) to include damages for additional infringing sales, enhanced damages under 35 U.S.C. § 284, attorney's fees and interest.

DEFENDANT'S MOTIONS

Because defendants' motions challenge the liability determination it is appropriate to address them first. Initially, the Court must address the appropriate scope of its review for each of the motions they pursue.

Defendants first suggest the Court can make de novo findings of fact relevant to obviousness pursuant to Rule 49(a) and enter judgment pursuant to Rule 58 based upon those findings. More specifically, defendants assert that the form of the special verdict was inadequate to obtain

answers to all relevant fact issues, and because the plaintiff acquiesced in the verdict form and the instructions, the Court is authorized to act as factfinder pursuant to Rule 49(a). Because the special verdict which the jury answered was appropriate under the circumstances of this case and encompassed all factual issues, there is no basis for the Court to make de novo findings of fact and, accordingly, no basis for the motion under Rule 58.

Verdict forms in patent cases may be made more or less specific in the discretion of the Court based upon the nature of the case. Structural Rubber Products Co. v. Park Rubber Co., 749 F.2d 707, 720 (Fed. Cir. 1984). In this case the special verdict questions isolated the issues of validity, infringement, willfulness and damages. The Court rejected defendants' expansive form of special verdict requesting many questions which sought to determine irrelevant facts and asked questions which were duplicative, confusing and likely to lead to an inconsistent verdict. Both the parties and the Court sought to submit the underlying validity fact issues to the jury through the verdict and instructions.

The form of special verdict submitted to the jury was consistent with the nature and complexity of the issues presented. The sole validity defense pursued by defendants at trial was obviousness. There was little factual dispute concerning the scope and content of prior art or the level of ordinary skill in the art. Accordingly, the principal factual issues were the extent of the differences between prior art and the inventions,

and those secondary considerations impacting on obviousness. See Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966). The legal issues relevant to validity which were not resolved by motion in limine were also sufficiently limited so they could readily be explained to the jury in the instructions.

Under these circumstances the Federal Circuit explains the effect of the jury's verdict:

> Having made these decisions, the trial court must then determine what factual issues remain in the case and, by its instructions, should direct the jury's attention to disputed factual issues which, when resolved, lead inexorably, in the opinion of the district court, to a determination of obviousness or nonobviousness.

Structural Rubber Products, 749 F.2d at 722 (emphasis added). The court has not abdicated its responsibility to determine legal issues involving obviousness, but has made those determination by its ruling on pretrial motions and its instructions. When this procedure is followed a jury's verdict necessarily leads to the entry of judgment under Rule 58 in favor of the party prevailing on the verdict.

Defendants' belated objection to the form of the validity question does not entitle it to ignore the jury's resolution of fact issues. This Court does not read footnote 3 to Mendenhall v. Cedarapids, Inc., 5 F.3d 1557, 1561-62 (Fed. Cir.

1993), as implicitly eliminating the long recognized authority of the trial court to chose the most appropriate method for presenting factual issues to the jury. Indeed, Structural Rubber Products, relied upon as the authority for the statement in footnote 3 to Mendenhall, expressly recognizes and affirms that discretionary authority. 749 F.2d at 720.

The authority to find facts rests with the jury, and the Court may not substitute its view of the facts for those of the jury. Senmed, Inc. v. Richard-Allen Medical Industries, Inc., 888 F.2d 815, 818 (Fed. Cir. 1989); Newell Cos. v. Kenney Mfg. Co., 864 F.2d 757, 765 (Fed. Cir. 1988). It would be error to make factual findings under Rule 49 where the validity question posed to the jury implicitly included all factual issues necessary to its resolution.

> Turning to the action taken by the Court here, we do not agree that the court was free to make a specific finding under rule 49(a) which overruled an implicit finding of the jury within the broader question. Rather, the court had to accept the jury's determination and could set it aside only if were not supported by substantial evidence.

Quaker City Gear Works, Inc. v. Skil Corp., 747 F.2d 1446, 1453 (Fed. Cir. 1984) (citations omitted). Accordingly, de novo factual review is inappropriate and reconsideration of the denial of

defendants' Rule 58 motion is denied. Defendants must proceed under the standards of Rules 50 and 59.

Under Rule 50 the Court accepts the implicit factual findings of the jury which support the verdict unless those findings are not supported by substantial evidence.

> [W]hile "a specific verdict" seeks resolution of only factual issues under a precise reading of rule 49(a), this court has not found legal error where a legal question has been included. rather, since the answer to the legal question necessarily resolves any underlying factual issues, we have undertaken to review the factual findings on which the legal issue is based, applying the substantial evidence standard.

Quaker City Gear Works, 747 F.2d at 1453. "Substantial" evidence is such relevant evidence taken from the record as a whole as might be accepted by a reasonable mind as adequate to support the finding under review. Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888, 893 (Fed. Cir. 1984).

While the Court must give deference to the jury's findings of fact in ruling under Rule 50, it decides issues of law, including the legal issue of obviousness, de novo. This is true regardless of whether the special verdict sought the answer to

the ultimate legal issue from the jury. Senmed, 888 F.2d at 818. Newell, 864 F.2d at 764.

A motion for new trial pursuant to Rule 59 may be granted where the verdict is against the weight of the evidence, damages are excessive, or the trial was not fair to the moving party for some other reason. Forrester v. White, 846 F.2d 29, 31 (7th cir. 1988). In considering whether the trial was fair the court may also consider questions of law arising from substantial errors in the admission or rejection of evidence or the giving or refusing to give instructions. 21 Charles A. Wright & Arthur C. Miller, Federal Practice and Procedure, § 2805 (1973).

Applying these standards the Court considers each of the issues advanced by the defendants.

Obviousness

Consideration of the law of obviousness begins with a review of Graham, 383 U.S. 1, which outlines the fundamental considerations involved in the determination of obviousness.

> Under section 103 the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to ascertained; and the level of ordinary skill in the pertinent are resolved. Against this background the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long-felt but unsolved needs, failure

> of others, etc., might be utilized to give life to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.

Id. at 18.

Plaintiff benefits from a presumption of nonobviousness codified at 35 U.S.C. § 282 which imposes a constant burden upon the defendant to prove nonobviousness by clear and convincing evidence. Structural Rubber Products, 749 F.2d at 714. In addition,

> Deference is due the Patent and Trademark Office decision to issue the patent with respect to evidence bearing on validity which it considered, but no such deference is due with respect to evidence it did not consider. All evidence bearing on the validity issue, whether considered by the PTO or not, is to be taken into account by the tribunal in which validity is attacked.

In addition to these fundamental tenets of obviousness, defendants focus the Court's attention upon the role of purpose or motive in the determination of obviousness. Defendants correctly note that it is a general rule that merely discovering and claiming a new benefit of an old

process cannot render the process patentable. In re Woodruff, 919 F.2d 1575, 1578 (Fed. Cir. 1990). But this is not to say that motivation is irrelevant to the issue of obviousness where the claimed composition differs from prior art. Under such circumstances the prior art must provide the motivation to make the claimed composition in the expectation that it would have similar properties to that possessed by the prior art. In re Dillon, 919 F.2d 688 693 (Fed. Cir. 1990). Where a composition possesses properties unexpected by the prior art or to an unexpectedly greater degree, they may be patentable.

At the outset the Court rejects defendants' assertion that this case is controlled as a matter of law by In re Baxter Travenol Labs, 952 F.2d 388 (Fed. Cir. 1991) or In re Woodruff, 919 F.2d 1575. Both cases involved the appellate review of the denial of a patent application by the Patent and Trademark Office and, accordingly, placed the burden of proof not upon the patent challenger, but upon the patent owner to establish validity. More importantly, both cases involved the attempt to patent a combination or process which was identical or nearly identical to prior art. Baxter expressly involved the issue of anticipation, not obviousness. 952 F.2d at 390. Defendants have not pursued anticipation in this case, it being apparent that the process and product in plaintiff's patents are not anticipated by prior art. Woodruff, while not discussed as an anticipation case, involves a process nearly identical to an old process in the prior art. In fact, the Court notes:

> The atmospheres recited in claims 27 and 31 are anticipated by the atmosphere taught in McGill patent except for the overlapping or adjacent ranges of carbon monoxide concentration.

919 F.2d at 1577. Thus Woodruff, like Baxter, truly involved an old process which was disclosed in the prior art.

In contrast, there is no evidence in the prior art of the application of sodium lactate to precooked, nonsterilized anaerobically packaged poultry or fish. Hence, Baxter and Woodruff do not mandate judgment in defendants' favor as a matter of law. Rather, the obviousness of plaintiff's patents must be judged by whether the prior art would have provided motivation to perform the claimed process to one skilled in the art. More specifically, whether the prior art made it obvious to one of ordinary skill in the art to add sodium lactate to precooked, anaerobically packaged poultry or fish.

The Court finds that there was substantial evidence at trial to support the finding that the prior art did not teach that sodium lactate would be useful under the circumstances of plaintiff's patent claims. The evidence suggested three possible motivations to use sodium lactate in the plaintiff's patented process: (1) for the control of clostridium botulinum, (2) as a flavorant, and (3) as a shelf life extender. The evidence at trial was very strong that the property of retarding the growth of clostridium botulinum was

unknown in the prior art. Similarly, there is little suggestion in the prior art that sodium lactate is a desirable flavorant in poultry or fish. In fact, the evidence at trial suggested the opposite, that its flavor was not compatible with poultry and that it was too expensive to be reasonably used as a salt substitute.

Defendants' principal argument is that prior art taught the use of sodium lactate as a means to extend shelf life. Defendants rely upon four items of prior art: the Ueno patent (defendants' exhibit 1133), the Fukui patent (defendants' exhibit 1131), the Angersbach article (defendants' exhibit 1150) and the Purac petition (plaintiff's exhibit 201). Viewing this prior art as a whole the Court cannot find that it rendered plaintiff's patented process obvious or that there was not substantial evidence to support the jury's finding of nonobviousness.

The Purac petition at page 5 sets forth the principal prior art knowledge concerning the preservative effects of sodium lactate:

> Based on its humectant qualities, sodium lactate is used to lower the water activity of meat products and to increase their shelf life.

Of course this prior art knowledge was well known to the patent examiner who granted plaintiff's patents notwithstanding its express acknowledgment that the use of salts, including sodium lactate, to lower water activity was well known in the prior art. Indeed, the thrust of plaintiff's argument,

ultimately accepted by the patent examiner, was that its process did not rely upon the lowering of water activity in the poultry or fish processed in its patent. Furthermore, there was testimony at trial that, given the level of moisture in precooked anaerobically packaged poultry, sodium lactate would not be added for the purpose of lowering water activity.

The Angersbach article does little to expand upon the knowledge and use of salts as a preservative. Although the article speaks generally in terms of meat, it is clear that the teachings of Angersbach are directed towards the use of salt to lower water activity as a preservative in red meat. In fact, Angersbach concludes that sodium lactate, as well as other sodium salts, must be used in approximately the same amounts as sodium chloride to suppress the growth of the bacteria tested. Furthermore, the specific products to which his article refers include raw sausage, scalded sausage, cooking sausage, ham and pickle solution, all products previously preserved through the addition of salts as described in the Purac petition.

The Fukui patent offers nothing that would teach the use of sodium lactate in anaerobically packaged precooked poultry or fish. In fact, Fukui is directed to the control of aerobic bacteria in bakery products such a sponge cakes, doughnuts and waffles. Fukui mentions fish paste principally to note that the invention described imparts a more satisfactory touch improving the toughness of fish paste, hardly making it obvious to inject sodium

lactate into the products encompassed by plaintiff's patents.

Of principal importance to the defendants' argument is the Ueno patent which "relates to the aquious sterilizing agent for foods or food processing machines and utensils and to a method for sterilizing foods for food processing machines and utensils by using the aquious sterilizing agent." While Ueno does not mention chicken as one possible fresh foodstuff which could be dipped in the aquious solution, it also mentions a host of other foods focusing upon vegetables. Ueno addresses the problem of sterilizing uncooked foods under aerobic conditions. Sodium lactate is not discussed prominently, but is mentioned only as one possible substance to be used in combination with the primary alcohol solution. Ueno certainly does not compel a finding of obviousness as to the plaintiff's claimed invention. A person skilled in the art would need to overcome the hurdles that Ueno addresses only fresh, uncooked foodstuffs and aerobic bacteria. Furthermore, given the huge number of combinations of foodstuffs nd substances discussed, inferring or learning from Ueno that the injection of sodium lactate is cooked anaerobically packaged poultry would be likely to extend shelf life or control clostridium botulinum would be extremely difficult.

In conclusion, there was ample evidence to support the determination that plaintiff's invention would not have been obvious to one ordinarily skilled in the art. Although it was known that sodium lactate had certain preservative properties, the extent to which sodium lactate

controlled the growth of bacteria including clostridium botulinum was unexpected based upon the prior art. Accordingly, the prior art would not have motivated one of ordinary skill in the art to perform the steps in plaintiff's invention.

Although defendants are not entitled to judgment as a matter of law, the Court must also consider whether the trial was unfair to them. They contend that the trial was unfair because the jury instructions, by failing to expressly address the issue of purpose, likely caused the jury to improperly consider only whether it was obvious that clostridium botulinum would be prevented and not whether it was obvious to perform the steps of the patent for other purposes.

A careful examination of the jury instructions does not support defendants' claim of unfairness. Furthermore, any confusion in that regard encountered by the jury was the result of the defendants' own jury instruction submissions or lack of submission, and cannot be the basis for a new trial.

The jury was instructed generally as follows:

> As stated earlier, only the patent claims can be infringed. The specification, which is the written description already discussed, cannot be infringed. Each of the claims must be considered individually, and not all claims of a patent must be infringed before the patent is infringed.

The jury was further instructed:

> The claims are the measure of the alleged invention of the patents and cannot be construed to include more than their language fairly imparts. Claims are to be construed as they would be by those skilled in the art. The claims must be construed the same way for purposes of the infringement determination as for the validity determination.

The jury was also instructed on the effect of the preamble of the claim, the only portion of plaintiff's claim which references clostridium botulinum, as follows:

> The general rule is that the preamble of a claim does not limit the claim.

At defendants' request, and based upon their submission, the Court added the following language:

> If it appears that the preamble is necessary to properly define the subject matter that the inventors actually invented and intended to be covered by the claim,, hen the preamble may properly be considered as a limitation to the claim.

Based upon these instructions it is likely that the jury excluded consideration of the preamble, including the statement that the invention was for the purpose of delaying the

growth of clostridium botulinum and simply considered whether it would have been obvious to perform the method steps of plaintiff's '729 patent. Moreover, even had the jury considered the purpose of delaying the growth of clostridium botulinum to be a limitation to the claim, it would have done so only based upon the instruction supplied by defendants and supported by defendants' citation to Diversitech Corp. v. Century Steps, Inc., 850 F.2d 675, 678 (Fed. Cir. 1988). Since any prejudice which befell the defendants was the result of their own proposed instruction, it cannot be the basis for a new trial.

Furthermore, defendants did not submit a requested instruction more specifically addressing the issue of purpose at any time during the trial notwithstanding daily opportunities at each morning's pre-trial conference to submit such an instruction. It is apparent to the Court that such failure to submit a purpose instruction was the result of a strategic decision on defendants' part. Defendants advanced substantial testimony at trial to the effect that presently licensed users of plaintiff's invention were using it not for the purpose of delaying the growth of clostridium botulinum, but for the purpose of extending the shelf life of their products. Defendants' agents testified that they were not using plaintiff's invention to delay clostridium botulinum, but were doing so to extend shelf life. Accordingly, defendants sought to argue, based upon their requested preamble instruction, that they were not infringing plaintiff's patent because the purpose for which they were using the invention was not to

delay clostridium botulinum. A contrary instruction on the role of purpose or motivation would have undercut this argument.

In fact, plaintiff proposed such an instruction in its original submission on infringement which provided as follows:

> If what Conagra id doing is covered by any of the claims of the patents in suit, Conagra is infringing regardless of its motive or purpose.

Had this statement remained in the instruction it would have been unequivocally clear to the jury that motive or purpose was irrelevant to the issues of infringement and invalidity since they were expressly instructed that their interpretation of the claims must be identical for both purposes. Based upon defendants' objection the instruction was not given.

At the jury instruction conference on the final day of the liability trial defendants' attorney made the following comment:

> Finally, missing from the instructions is any instruction about the significance of the purpose of the invention and the Lemelson case makes it important, makes clear that that's an important aspect of the case and it's absent from both the instructions and jury verdict. It was not commented upon or allowed to be commented upon by our jury--our patent law expert

> yesterday, and I think the jury will need some guidance on that issue.

In response to this comment the Court incorporated additional language on motive or purpose into the infringement instruction. When defendants objected tot he Court's proposed additional instruction on the lack of importance of motive or purpose, suggesting for the first time additional language to be added to the obviousness instruction, the Court deleted its proposed addition, returning the instructions to their previous form. Accordingly, the court finds that if the jury was mislead as to the role of motive or purpose in the scope of the patent claims, that confusion was the result of defendants' repeated objections to inserting an instruction which would have cured any misunderstanding and in its failure to timely submit its own requested instruction on that subject.

In conclusion, the Court finds that trial was not unfair so as to entitle defendants to a new trial and that the verdict was consistent with, not contrary to, the weight of the evidence.

Infringement

Plaintiff's motion for judgment as a matter of law on the issue of infringement is a restatement of its prior motion in limine seeking an interpretation of its patent which would preclude infringement for products which contained sodium chloride. In general, defendants seek judgment in their favor on the grounds that all of their products contain salt (sodium chloride) and

the presence of salt precludes them from infringing plaintiff's patents. The Court issued a written order on September 14, 1993 rejecting defendants' proposed patent interpretation as contrary to the language of the patent claims and patent specification history. That decision is hereby incorporated herein by reference.

Defendants' motion for new trial on the issue of infringement stems from evidentiary rulings and instructions which were consistent with the written decision on their motion in limine. Accordingly, since the Court reaffirms its decision on the motion in limine, it also finds that rulings consistent therewith cannot be the basis for a new trial.

Damages

Defendants advance three arguments in favor of their motions for judgment as a matter of law and new trial which concern the damages phase of the trial. First, defendants assert that plaintiff failed to produce evidence sufficient to identify the infringing products which supports damages for lost profits or reasonable royalties. Second, defendants assert that lost profits are unavailable because they could have produced a noninfringing substitute during the period of infringement. Third, defendants assert that as a matter of law damages must be limited to royalty amounts because of the nature of the contractual licensing arrangement between plaintiff and Purac. The Court rejects each of these arguments as a basis for judgment as a matter of law in defendants' favor or a new trial.

Defendants' position that there was insufficient evidence to support a finding of infringement by its products is contrary to any realistic view of the record in this case. The products for which plaintiff sought damages were contained in its trial exhibit 1, which is a compilation of documents produced by the defendants identifying defendants' poultry produce which contained sodium lactate in the amounts covered by plaintiff's patent. Defendants admitted in their written responses to plaintiff's first set of interrogatories that these products were cooked under high humidity conditions as described in plaintiff's patent, were cooled after cooking, and were packaged in a plastic barrier package. Plaintiff's expert, Dr. Deibel, testified that in his opinion all of the products in plaintiff's exhibit 1 met all the elements of the relevant claims of plaintiff's patents. Defendants did not challenge this testimony, nor did they present any contrary evidence suggesting that any of the products on plaintiff's exhibit 1 did not meet the elements of the claims in plaintiff's patents.

Defendants' expert, Professor Silliker, testified only about how common it was to employ most of the procedures identified as elements of plaintiff's claims. The great weight of the evidence supported the conclusion that the products identified on plaintiff's exhibit 1 infringed plaintiff's patents. The inference is inescapable in light of the failure of defendants to come forth with any evidence that any of its products did not infringe.

Defendants also challenge the evidence on the grounds that Dr. Deibel should have been excluded based upon his lack of expertise. The Court affirms its ruling that Dr. Deibel's background and experience are sufficient to qualify him to put forth an opinion concerning whether the steps of the patent were performed in the production of defendants' products identified on exhibit 1. The is little question that plaintiff's expert, Dr. Stewart, relied upon the items on exhibit 1 for the calculation of damages. Accordingly, the Court finds that the evidence was ample to support the jury's determination that the products on exhibit 1 were infringing and that the damages were calculated based upon the sales of those infringing products.

Defendants' second challenge to the damage verdict concerns the need to demonstrate absence of acceptable noninfringing substitutes as an element of a claim for lost profits. Defendants assert they demonstrated the availability of a noninfringing substitute entitling them to judgment as a matter of law and, alternatively, that the jury was not properly instructed on that requirement. Because the Court finds that the jury was properly reasonable probability of the amount of lost profits determined by the jury, the verdict must be affirmed.

The Court in Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 575 F.2d 1152, 1156 (6th Cir. 1978), set forth the following formula for the computation of lost profits in a patent infringement case:

> To obtain as damages the profits on sales he would have made absent the infringement, i.e., the sales made by the infringer, a patent owner must prove: (1) demand for the patented product, (2) absence of acceptable noninfringing substitutes, (3) his manufacturing and marketing capability to exploit the demand, and (4) the amount of the profit he would have made.

There is no dispute in this case concerning elements 1, 3, and 4.

The second element of the Panduit test has been modified under certain circumstances to recognize that a plaintiff may recover lost profits even though it admits the presence of acceptable noninfringing substitutes by proving instead its probably market share of the infringing sales. This alternative approach was recently discussed in BIC Leisure Products, Inc. v. Wind Surfing International, Inc., 1 F.3d 1214, 1219 (Fed. Cir. 1993);

> This court has held that a patent owner may satisfy the second Panduit element by substituting proof of its market share for proof of the absence of acceptable substitutes. This market share approach allows a patentee to recover lost profits, despite the presence of acceptable, noninfringing substitutes, because it nevertheless

> can prove with reasonable probability sales it would have made "but for" the infringement.

(Citations omitted.)

The instructions provided to the jury were entirely consistent with the law on proof of lost profits through the market share approach. In relevant part the jury was instructed as follows:

> A factual basis for the lost profits caused by infringement may exist if you find that "but for" the infringement the patent owner would have made the sales that the infringer made. In proving his damages the patent owner's burden of proof is not an absolute one, but rather a burden of reasonable probability.
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> * * *
>
> In determining lost profits plaintiff must prove by a preponderance of the evidence: . . . (2) the percentage of the market share of infringing sales which would have been realized by plaintiff; . . . in calculating lost profits, if any, you should consider the amount or number of lost sales, the gross receipts that plaintiff would have obtained from the lost sales had there been no infringement, cost of

> sales to be deducted from the gross receipts, and, then, the profit on the lost sales.
>
> If you find that plaintiff has not proved that it would have made its market shares worth of defendant's sales, then for those sales you must award an amount based on a reasonable royalty which I will explain to you in a moment.

For purposes of pursuing lost profits plaintiff conceded the existence of noninfringing substitutes and provided evidence and proof of what it believed its market share of defendants' infringing sales would have been. There was conflicting evidence at trial concerning that percentage of defendants' sales which would have been retained by it had it produced a product without the use of sodium lactate. It was defendants' position that it would have maintained its entire market share through the use of nonlactate containing products. It was plaintiff's position that the nonlactate product would have been entirely unsalable sine all competitors had by 1989 converted to a lactate containing product. The jury reasonably rejected both positions and came to a conclusion in the middle, rejecting plaintiff's expert's assessment of lost profits at over $18 million and determining instead lost profits to be $9.25 million. This result was consistent with the conflicting evidence. The evidence at trial indicating the desire of

retailers for longer shelf life clearly supported by a reasonable probability the finding of the jury that defendants would not have maintained their full market share without the incorporation of sodium lactate into their products.

Defendants' final attack on the damage verdict is that plaintiff's damages should be limited to the royalties it would have received under the Purac agreement assuming that defendants had chosen to obtain a license from Purac. In essence, defendants position is that once plaintiff decided to exclusively license its patent under a contract that provided for sublicenses, it precluded itself from recovering any damage for lost profits from infringers who chose not to accept the sublicense offered by plaintiff's licensee. Defendants cite no authority in support of this proposition. To the contrary, the fact that a patent holder has offered a license to the infringer or others does not preclude the patent holder from suing for lost profits. Beatrice Foods Co. v. New England Printing & Lithographing Co., 899 F.2d 1171, 1173 (Fed. Cir. 1990). If defendants' position were upheld a tremendous disincentive would be created for any patent holder to liberally license its invention in a manner similar to that employed by the plaintiff. Defendants, having failed to take advantage of plaintiff's licensee's offer, cannot rely upon that license to limit its damages.

PLAINTIFF'S MOTIONS

Plaintiff's post-verdict motions seek enhancement of the judgment entered in its favor

pursuant to 35 U.S.C. §§ 284 and 285. Specifically, plaintiff seeks treble damages, pre- and post-judgment interest, and attorney's fees. Plaintiff also requests additional damages for infringement which occurred after judgment as a result of the delayed implementation of injunctive relief. While the Court finds that plaintiff is entitled to pre- and post-judgment interest as well as an enhancement of damages for that infringement which occurred post-judgment, it declines to award multiple damages or attorney's fees.

Multiple Damages

35 U.S.C. § 284 provides that "the court may increase the damages up to three times the amount found or assessed." The jury's finding of willfulness permits this Court to award multiple damages in its discretion, but does not require such an award. Brooktree Corp. v. Advanced Micro Devices, Inc., 977 F.2d 1555, 1581 (Fed. Cir. 1992).

> In exercising its discretion the trial court may consider the weight of the evidence of willfulness. The court thus considers the culpability of the infringer with due attention to any circumstances and mitigation, the closeness of the question, and any other factors pertinent to the award, in that case, of exemplary damages.

Id. Among the other factors which may be considered are whether the infringer deliberately

copied, whether the infringer had formed a good faith belief that the patent was invalid or not infringed, and the infringer's behavior as a party to the litigation. Bott v. Four Star Corp., 807 F.2d 1567, 1572 (Fed. Cir. 1986).

Although the defendants in this case willfully used the plaintiff's patented process without acquiring a license, the Court finds that multiple damages are inappropriate based upon the strength of the defendants' invalidity defense. Defendants' challenge to the plaintiff's patent on the basis of obviousness was sufficiently strong that enhancement of damages would be inappropriate. Defendants' vigorous pursuit of this defense, both here and in the Patent and Trademark office evidences a good faith belief in the invalidity defense.

Neither does the Court find that the defendants' behavior during the prosecution of this case warrants enhanced damages. While defendants pursued several arguments and defenses available to them, the Court rejects plaintiff's characterization of defendants' tactics as the "shotgun approach." The Court does not find that the defendants proceeded with the purpose of causing increased delay and expense to the plaintiff, but was pursuing legitimate defenses to the allegations of patent infringement.

Given the public interest in legitimate challenges to the validity of a patent monopoly, the Court finds that it would be inappropriate to enhance damages under these circumstances.

Attorney's Fees

36 U.S.C. § 285 permits the Court to award attorney's fees to the plaintiff "in exceptional cases." As with enhanced damages a finding of willfulness is a sufficient basis to award attorney's fees, but does not mandate such an award. Brooktree, 977 F.2d t 1582. In general,, a case is exceptional when the defendant's conduct causes an unnecessary and outcome certain lawsuit or where the defendant displays bad faith in the pre-trial and trial stages of the suit. Kloster Speedsteel AB v. Crucible, Inc., 793 F.2d 1565, 1580 (Fed. Cir. 1986). The Court has already indicated that it does not believe this case was outcome certain when filed, nor does it find the defendants' behavior during the prosecution of this case to have been in bad faith. Accordingly, the Court finds that this is not an exceptional case justifying the award of attorney's fees on the same basis that it declines to award multiple damages.

Judgment Interest

Section 284 provides that upon finding for the claimant the Court shall award the claimant damages "together with interest and costs as fixed by the Court." The effect of this language is that pre-judgment interest should ordinarily be awarded in order to fully compensate a plaintiff for the infringement. General Motors Corp. v. Devex Corp., 461 U.S. 648, 655 (1983). Although such interest may be denied under special circumstances such as where the plaintiff needlessly delays in commencing the lawsuit, there are no special circumstances in this case which would warrant the denial of pre-

judgment interest. To the contrary, this is a typical set of circumstances where pre-judgment interest is necessary to afford plaintiff complete relief for the infringement.

The Court has examined the calculation of pre-judgment interest offered by plaintiff's expert Dr. Stewart using interest rates suggested by the defendants and finds it to be appropriate. Furthermore, defendants raise no objection to Dr. Stewart's calculations. Accordingly, judgment will be amended to award pre-judgment interest in the amount of $544,425. Post-judgment interest is also awarded pursuant to 28 U.S.C. § 1961.

Post-Judgment Infringing Sales

The parties are in agreement that plaintiff is entitled to certain additional damage as a result of subsequent sales of defendants' products. The parties differ as to the appropriate method of calculating such damages and the appropriate date from which to begin the calculation. The Court concludes that such damages shall be awarded on the basis of product sales which occurred after the entry of judgment at the rate of 4.558 percent of post-judgment sales revenue based upon extrapolation from the jury's verdict.

The Court finds no justification for awarding additional damages for that period of time prior to trial for which plaintiff offered no evidence of lost profits. Plaintiff was entitled to establish damages for the entire period or to urge the jury to accept a projection from past sales, but chose not to present such evidence. The Court finds no stipulation by defendants, implicit or explicit,

which would permit the award of damages for that period of time which the jury could properly have considered. Indeed, it is not clear whether the jury awarded damages for the period of time up to and including the date of trial. Under the circumstances, awarding additional amounts for damages incurred before trial would be an improper invasion of the jury's province to determine actual damages and an inappropriate use of 35 U.S.C. § 284 to enhance inadequate compensatory damages. Beatrice Foods v. New England Printing, 923 F.2d 1576, 1579 (Fed. Cir. 1991); Dimick v. Scheidt, 293 U.S. 474, 486-87 (1953).

As it concerns the method of calculating damages, it is most appropriate to base the calculation on lost sales rather than pounds of product and to approximate that award based upon the ratio of damages to sales determined from the jury's verdict. Most of the jury's award was attributable to lost profits, a calculation inherently based upon sales rather than volume of product. Accordingly, the Court orders an accounting of defendants' post-judgment sales and an award of additional damages consistent with that accounting and the rulings contained in this memorandum.

ORDER

IT IS ORDERED that defendants' motions for entry of judgment pursuant to Rule 58, for entry of judgment as a matter of law pursuant to Rule 50, and for a new trial pursuant to Rule 59 are DENIED.

IT IS FURTHER ORDERED that plaintiff's motions for multiple damages and attorney's fees are DENIED.

IT IS FURTHER ORDERED that post-judgment interest is awarded pursuant to 28 U.S.C. § 1961, that defendants shall provide an accounting on their post-judgment sales and that plaintiff shall recover additional damages based upon that accounting and the methodology set forth in this memorandum.

IT IS FURTHER ORDERED that judgment be amended to include pre-judgment interest in the amount of $544,425.

Entered this 24th day of February, 1994.

BY THE COURT:

/s/ John C. Shabaz
JOHN C. SHABAZ
District Judge

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

94-1247,-1248

OSCAR MAYER FOODS CORPORATION,

Plaintiff-Appellee,

v.

CONAGRA, INC.,

Defendant-Appellant,

and

SWIFT-ECKRICH, INC.,

Defendant.

O R D E R

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

O R D E R

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLANT, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on February 7, 1995.

FOR THE COURT
FRANCIS X. GINDHART, CLERK

Dated:
January 31, 1995

By /s/ Diane M. Frye, pt
Diane M. Frye
Chief Deputy Clerk

cc: Robert A. Schroeder
Paul H. Heller

OSCAR MAYER FOODS V CONAGRA INC., 94-1247
(DCT - 92-c-718)

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* Note: Pursuant to Fed. Cir. R. 47.6, this *
* order is not citable as precedent. It is *
* a public record. *
****

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

OSCAR MAYER FOODS CORPORATION,

Plaintiff,

v.

JUDGMENT IN A CIVIL CASE

92-C-718-S

CONAGRA, INC. and
SWIFT-ECKRICH, INC.,

Defendants.

This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

IT IS ORDERED AND ADJUDGED that judgment is entered in favor of the plaintiff Oscar Mayer Foods Corporation against the defendants ConAgra, Inc. and Swift-Eckrich, Inc. permanently enjoining said defendants, their officers, agents, servants, employees, attorneys and all those persons in active concert or participation with them from directly or indirectly using or causing or inducing to be used any method that is encompassed by any claim of the valid and enforceable '729 patent and from any further direct infringement, contributory infringement or inducement of infringement of said valid '729 patent, and further, the said defendants are permanently enjoined from directly or indirectly making or causing or inducing to be made, using or causing or inducing to be used, or

selling or causing or inducing to be sold any product that is encompassed by any claim of the valid and enforceable '391 patent and from any other further direct infringement, contributory infringement or inducement of infringement of said valid '391 patent effective October 21, 1993. The injunctive relief does not require the destruction of any poultry product made prior to the effective date of the injunction, the defendants to pay damages on such products as may be appropriately determined. The injunction does, however, prohibit production of the infringing products for any delivery thereof after October 21, 1993 utilizing only those stocks of sodium lactate which defendants have on inventory.

IT IS FURTHER ORDERED AND ADJUDGED that judgment is entered in favor of said plaintiff and against said defendants in the amount of $9,835,000.00, together with costs and those further increased damages for willful infringement and attorneys' fees pursuant to 35 U.S.C. §§ 284 and 285 as may be determined.

Dated this 1st day of October, 1993.

/s/ Joseph W. Skupniewitz
Joseph W. Skupniewitz, Clerk

(By) Deputy Clerk

APPROVED AS TO FORM
this 1st ay of October, 1993.

/s/ John C. Shabaz
JOHN C. SHABAZ
District Judge